

Leveraging ODA resources and concessional loans for infrastructure development in South-East Asia

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Introduction

- There are tremendous opportunities and potential for development partners to support South-East Asian countries in infrastructure financing
- At the same time, it is clear that to meet the acute need of SEA countries for infrastructure, more ODA, including aid for trade, and Other Official Flows (OOF) are required beyond domestic resources

ODA from OECD-DAC countries

- ODA provides budgetary support to domestic public expenditure in Asia-Pacific
- The infrastructure sector accounts for 70% of total ODA funding
- ODA is bound to decrease as countries develop

ODA to South-East Asian countries (total net, \$ millions, 2015)

Recipient / Year	2010	2011	2012	2013	2014	2015
Cambodia	666	673	688	713	715	677
Indonesia	1,269	439	176	64	- 362	- 33
Lao PDR	365	337	347	371	421	471
Malaysia	8	41	19	- 92	17	- 1
Myanmar	323	324	429	3,351	1,217	1,169
Philippines	518	- 43	80	192	620	515
Thailand	19	- 82	- 62	43	322	59
Timor-Leste	258	228	236	217	217	212
Viet Nam	2,595	2,961	3,359	3,592	3,769	3,157

Snapshot: ODA flows from Japan

Net ODA

	2014	2015	Change 2014/15 %
Current (USD m)	9,483.3	9,202.8	-3.0
Constant (2014 USD m)	9,483.3	10,286.9	8.5
National Currency * (million)	1,003,782.5	1,113,562.4	10.9
ODA/GNI (%)	0.20	0.21	
Bilateral share (%)	65	67	

* Japan Yen

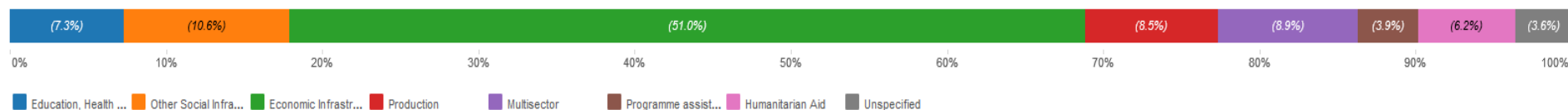
Top Ten Recipients of Gross ODA (USD million)

1	Viet Nam	1,651
2	India	1,494
3	Indonesia	524
4	Philippines	508
5	Bangladesh	436
6	Iraq	355
7	Afghanistan	352
8	Thailand	294
9	Myanmar	283
10	Sri Lanka	268

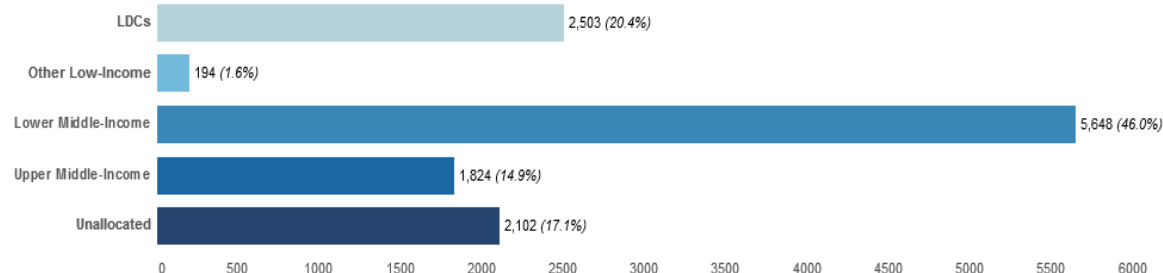
Memo: Share of gross bilateral ODA

Top 5 recipients	38%
Top 10 recipients	50%
Top 20 recipients	62%

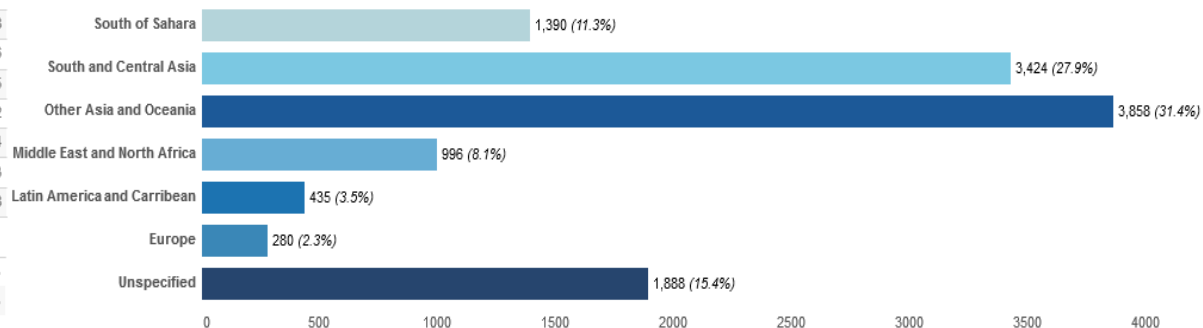
By Sector (commitments)



By Income Group (USD million)



By Region (USD million)



ODA Snapshots: Cambodia

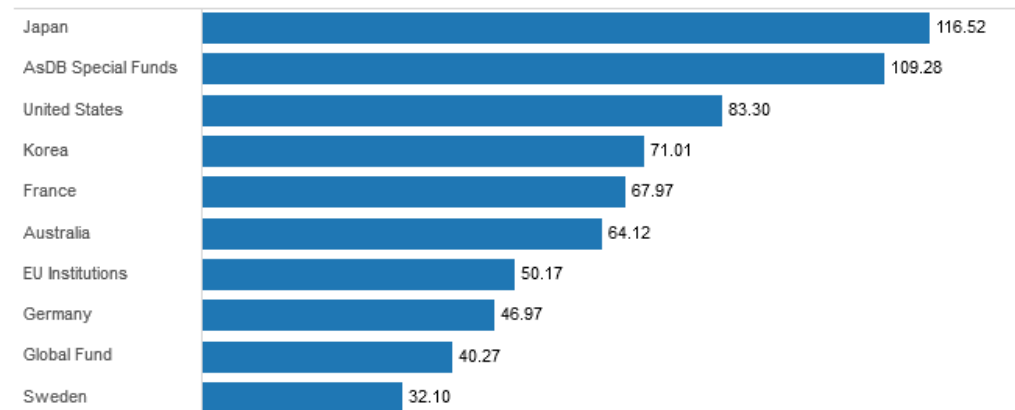
Receipts for Cambodia

	2013	2014	2015
Net ODA (USD million)	808.2	802.7	677.1
Net ODA/GNI (%)	5.5	5.1	4.0
Gross ODA (USD million)	873.0	877.1	756.5
Bilateral share (gross ODA) (%)	63.2	65.1	65.1
Net Private flows (USD million)	312.4	401.2	395.7
Total net receipts (USD million)	1,207.1	1,297.6	1,131.4

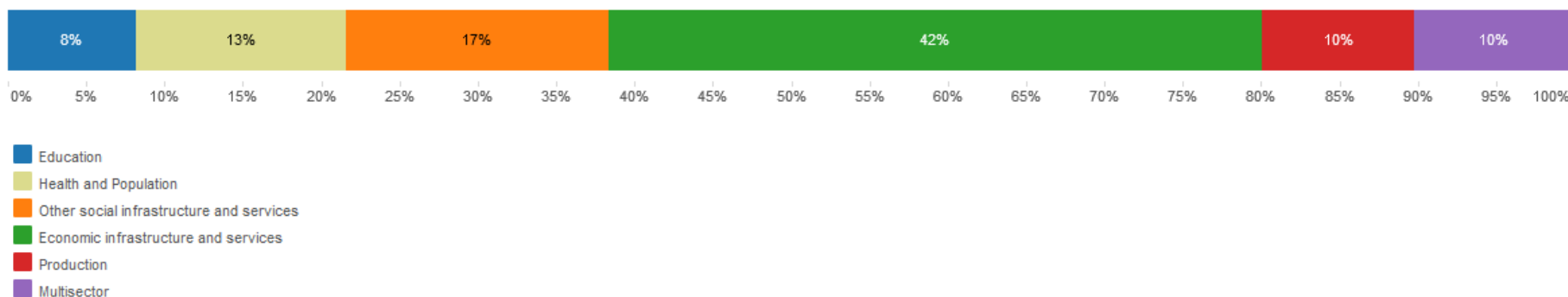
For reference

	2013	2014	2015
Population (million)	15	15	16
GNI per capita (Atlas USD)	960	1,020	1,070

Top Ten Donors of Gross ODA for Cambodia, 2014-2015 average, USD million



Bilateral ODA by Sector for Cambodia, 2014-15 average



ODA Snapshots: Myanmar

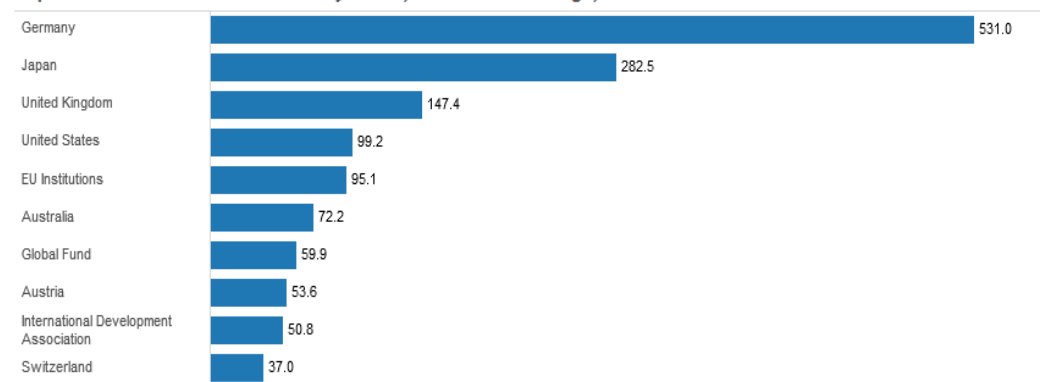
Receipts for Myanmar

	2013	2014	2015
Net ODA (USD million)	3,936.1	1,384.5	1,168.5
Net ODA/GNI (%)	6.9	2.2	
Gross ODA (USD million)	7,641.5	2,146.3	1,222.8
Bilateral share (gross ODA) (%)	85.1	87.3	75.0
Net Private flows (USD million)	597.0	-148.2	852.6
Total net receipts (USD million)	4,697.5	2,058.0	2,460.5

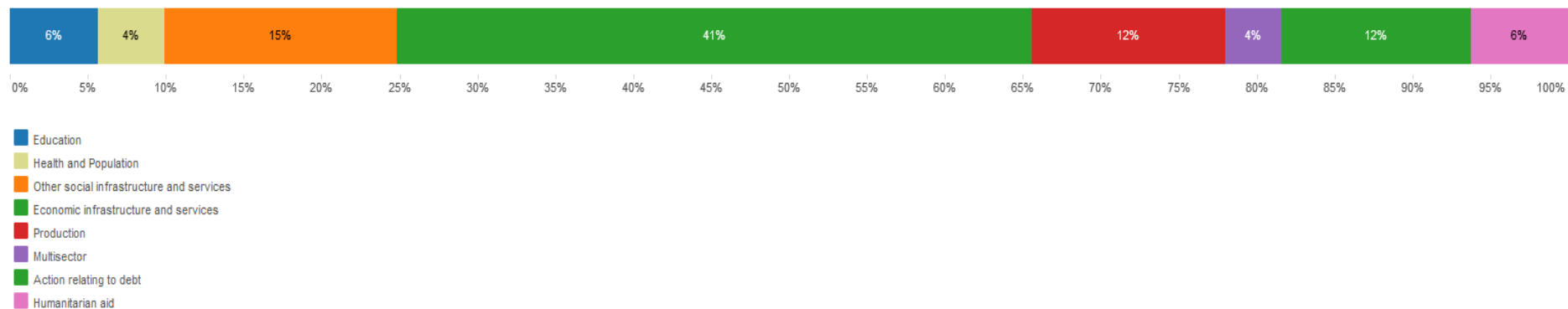
For reference

	2013	2014	2015
Population (million)	53	53	54
GNI per capita (Atlas USD)		1,280	

Top Ten Donors of Gross ODA for Myanmar, 2014-2015 average, USD million



Bilateral ODA by Sector for Myanmar, 2014-15 average



ODA Snapshots: Viet Nam

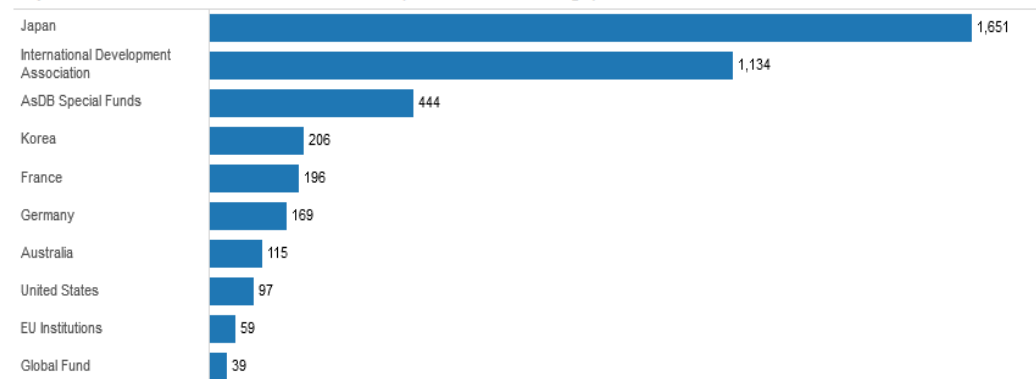
Receipts for Viet Nam

	2013	2014	2015
Net ODA (USD million)	4,085.6	4,216.3	3,157.4
Net ODA/GNI (%)	2.5	2.4	1.7
Gross ODA (USD million)	4,758.5	4,950.6	3,893.9
Bilateral share (gross ODA) (%)	60.4	59.6	59.6
Net Private flows (USD million)	8,845.8	3,678.5	3,901.2
Total net receipts (USD million)	13,916.2	9,759.6	8,681.3

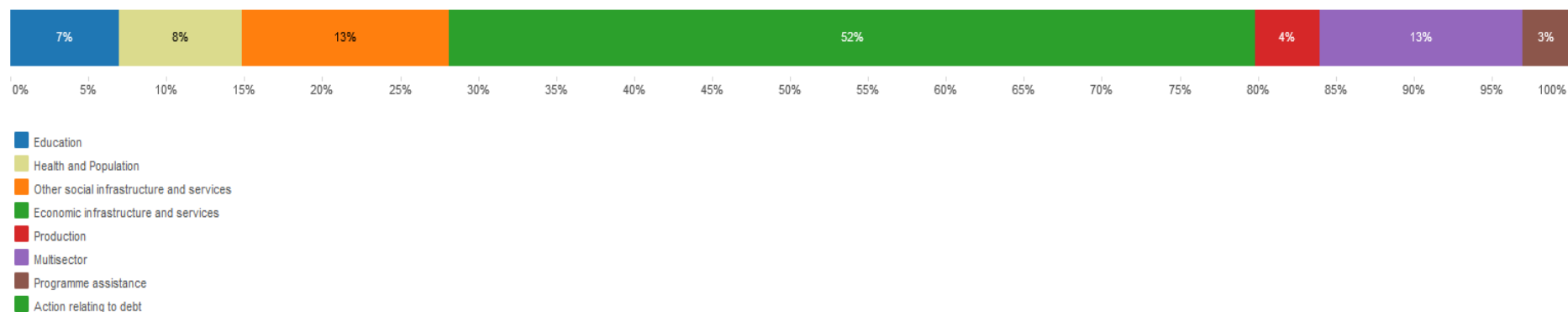
For reference

	2013	2014	2015
Population (million)	90	91	92
GNI per capita (Atlas USD)	1,740	1,900	1,980

Top Ten Donors of Gross ODA for Viet Nam, 2014-2015 average, USD million

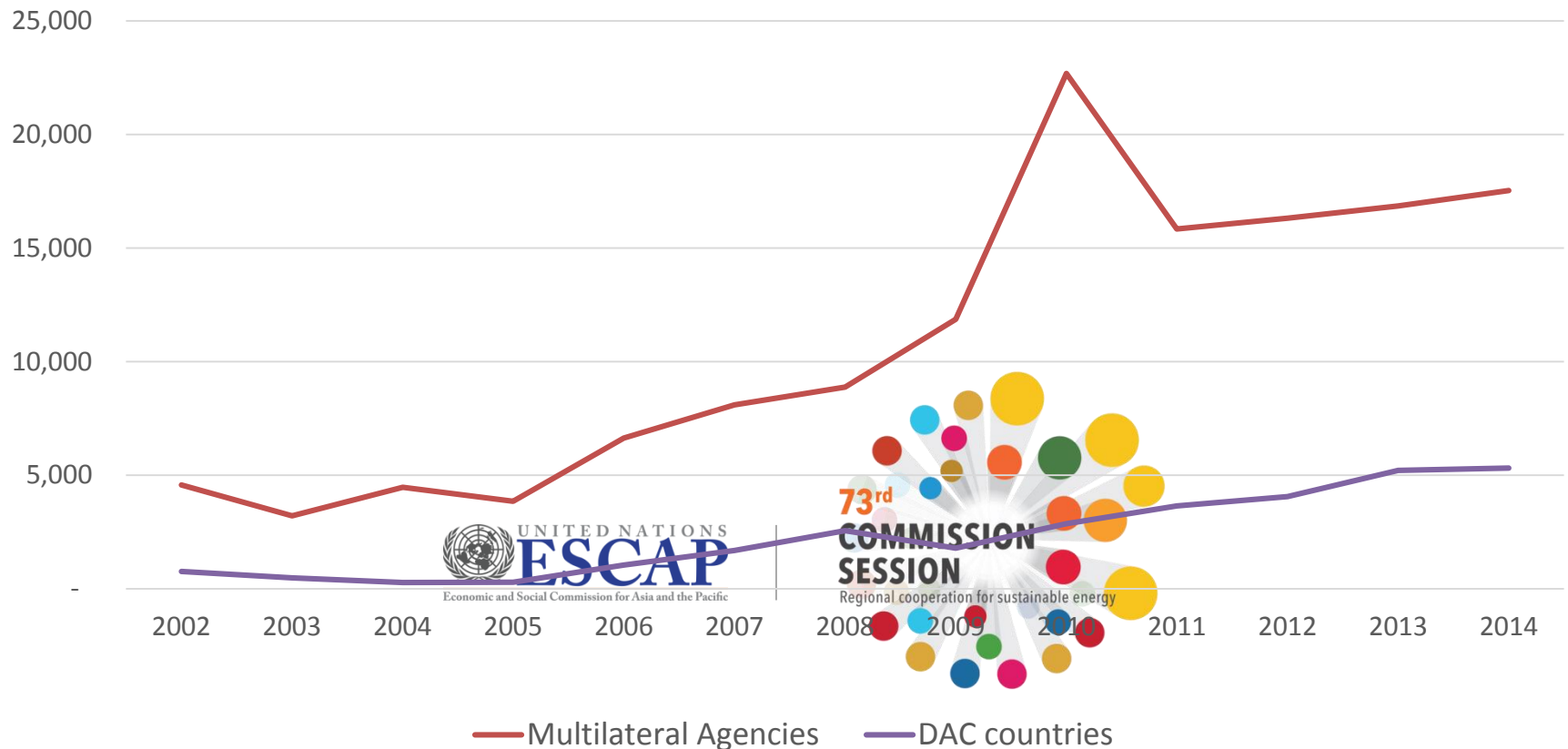


Bilateral ODA by Sector for Viet Nam, 2014-15 average



DAC and MDB Other Official Flows (OOF) to developing Asia-Pacific

Other Official Flows (OOF) to developing Asia-Pacific (total net, \$ millions, 2015)



Multilateral development banks

ADB- Cumulative Infrastructure Lending, Grant, and Technical Assistance to selected SEA countries (\$ million)

Country	Energy	Transport	Water and other Urban infrastructure and Services	Total
Cambodia	182	530	264	976
Indonesia	5,865	3,702	2,358	11,925
Lao PDR	507	522	350	1,379
Myanmar	220	332	196	748
Philippines	3,432	1,560	1,260	6,252
Thailand	2,623	1,300	606	4,529
Viet Nam	2,705	5,495	1,615	9,815

Multilateral development banks

World Bank- Cumulative Grant, Credit and Concessional Loan Commitment to selected SEA countries (\$ million):

Country	Energy & Mining	Transport	Water & Sanitation	Total
Cambodia	144	413	249	806
Indonesia	9,575	13,007	8,700	31,282
Lao PDR	385	431	153	969
Philippines	2,405	4,726	2,915	10,046
Viet Nam	5,729	7,284	6,294	19,307

Assistance from non traditional donors

- China has emerged as a key non-traditional donor in recent years
- Difficult to quantify because of classification and data availability.
- Lending rather than grants
- Supported by state-owned banks- China Development Bank and Export-Import Bank
- Directed largely to natural resources and infrastructure

Aid to leverage infrastructure financing

- Countries need to find ways to maximize the impact of limited ODA and OOF resources, by using them to de-risk infrastructure projects and leverage private finance
- Multilateral development banks (MDB), such as World Bank and ADB have been playing an important financing role
- MDBs and ODA/OOF can support countries in leveraging greater private participation by backing up governments commitments towards private investors and providing risk guarantees and assisting governments to improve planning and implementation capacity

New regional financial institutions

- New regional initiatives and infrastructure funds are increasingly being recognized as important for infrastructure development

Examples include:

- The ASEAN Infrastructure Fund (AIF) created as part of ADB to finance infrastructure projects
- the Asian Infrastructure Investment Bank (AIIB) which provides loans
- the Global Infrastructure Facility, and the Asia Pacific Project Preparation Facility, which primarily function as facilitators or coordinators for investors of infrastructure development.

Climate finance as an emerging source

- Climate finance has growth rapidly in recent years and further increases are anticipated
- Climate Investment Funds (CIFs) has a mandate to finance low-carbon resilient infrastructure. Contributions are divided in two trust funds:
 - Clean Technology Fund (CTF) → \$5.5 billion
 - Strategic Climate Fund (SCF) → \$2.5 billion
- The Green Climate Fund (GCF) can provide countries funds to finance climate mitigation projects and adaptation projects

Belt and Road Initiative

- The China-led Belt and Road Initiative (BRI) is a development strategy and framework to establish a network of regional infrastructure to promote trade, investment, and economic integration.
- Several financial institutions, including AIIB, NDB and the Silk Road Fund, are expected to contribute to the initiative
- Multiple possible benefits
 - Extra financing source
 - Improved intraregional and China link- Malaysia, Thailand, Lao PDR and Indonesia

Belt and Road Initiative (cont.)

- However there are risks
 - Increased debt
 - Deindustrialization
- It is important for countries involved to work closely to maximize the benefits and minimize the risks
 - Cost-benefit analysis for companies and governments
 - Good coordination across countries
 - Good project planning meeting international standards

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